

Message Text

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ACTION AF-10

INFO OCT-01 ISO-00 EB-08 AGRE-00 COME-00 TRSE-00 EUR-12
PA-02 ICA-20 SS-15 NSC-05 CIAE-00 INR-10 NSAE-00
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FM AMEMBASSY LUSAKA
TO SECSTATE WASHDC 8920
INFO AMEMBASSY BONN

UNCLAS LUSAKA 2612

E.O. 11652: N/A
TAGS: EAID ECON ECRE GW ZA
SUBJ: WEST GERMAN SUGAR LOAN TO ZAMBIA

1. THE FEDERAL REPUBLIC OF GERMANY HAS AGREED IN PRINCIPLE
TO LOAN THE ZAMBIAN GOVERNMENT DOLS 13.6 MILLION FOR THE PURPOSE
OF BOOSTING THE COUNTRY'S SUGAR PRODUCTION FROM THE CURRENT
ANNUAL OUTPUT OF 100,000 TONS TO 150,000 TONS. FINAL APPROVAL
IS SUBJECT TO THE RESULTS OF A FEASIBILITY STUDY, WHICH IS NOW
NEARING COMPLETION.

2. AFTER A TEN-YEAR GRACE PERIOD ZAMBIA WOULD HAVE 30
YEARS TO REPAY THE LOAN AT A TWO PERCENT INTEREST RATE. THE PROJECT
PLAN ENVISIONS THAT THE GOVERNMENT WOULD LEND THE FUNDS TO THE
ZAMBIA SUGAR COMPANY AT A COMMERCIAL INTEREST RATE. THE AGREEMENT
WAS SIGNED YESTERDAY IN LUSAKA BY MINISTER OF FINANCE
JOHN MWANAKATWE AND FRG AMBASSADOR TO ZAMBIA DR. WOLFRAM DUFNER.
ACCORDING TO MWANAKATWE, WEST GERMAN AID TO ZAMBIA SINCE 1968
NOW TOTALS DOLS 50 MILLION.

3. COMMENT: THE SUGAR LOAN IS THE FIRST PUBLICLY ANNOUNCED
FINANCIAL AGREEMENT BETWEEN WEST GERMANY AND ZAMBIA SINCE
CHANCELLOR HELMUT SCHMIDT'S STATE VISIT TO LUSAKA THREE WEEKS
AGO. IT COMES AT A TIME WHEN THE GOVERNMENT IS SEARCHING FOR
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WAYS TO PREVENT A RECURRENCE OF THE SERIOUS SUGAR SHORTAGE
WHICH HIT ZAMBIA THIS PAST SPRING.
BARCAS

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NNN

Message Attributes

Automatic Decaptioning: X
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Current Classification: UNCLASSIFIED
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Draft Date: 25 jul 1978
Decaption Date: 01 jan 1960
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Disposition Action: n/a
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Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
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Message ID: edbd676d-c288-dd11-92da-001cc4696bcc
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